

THE PSYCHOLOGY OF MARKET TRANSFORMATION

Introducing the *TransMission mirror*: reflecting stakeholder emotions, responses and arguments in different phases of market transformation.

Do these responses sound familiar?

Is it just us, or does it seem like we hear the same arguments over and over again. No matter what transition you are working in. Here are a few of our favourites:

- *"Yes there are problems in our sector, but [fill in other sectors, other companies, or other countries abroad] are much worse"*
- *"We do what we can, but we also have to be realistic"*
- *"Why do we always have to be ahead of the curve"*
- *"We can't do more, we need a level playing field"*

Responses to system change are not random. In fact, we claim that we can predict what will be said and even in what sequence it will be said. This article explores the link between the phases of market transformation and the way organisations react to the change process when they fiercely fully explain their support for or resistance against the change. This article builds upon our earlier [*TransMission framework – the Mission driven transition approach to managing complex change processes \(2023\)*](#) and in the book [*"Changing the Game" \(2021\)*](#).



TransMission paper



Changing The Game book

Our intention with this **Psychology of Market Transformation model** is threefold:

- Bring a smile to your face. You will likely recognize your own emotions and arguments, as well as those of others around you. After all, if we can laugh about serious matters, then we have already won half the battle.
- Help to recognise, understand and with that bridge differences in the often-heated debates about the necessity of transitions for some and the perceived impossibility for others. Putting things into perspective can help taking the sting out of the heated discussion. And when we understand at which side and where others are in the change process, we can also meet them where they are.
- Spark further interest and research to the psychology of transitions. It is worth bringing more knowledge to this relatively new area of working.

So, let's dive into it.

Every transition is different, yet also remarkably the same

We are not human behaviour specialists. We are system change experts. NewForesight has for the last fifteen years supported numerous private, public and platform clients, all over the world, navigating complex change processes. If you spend such a long time the trenches of driving change and if you study system transformation processes like we do, then you start to notice important differences, similarities and patterns between the different transitions. Let's start with why every transition is different.

Why sector transitions are unique and different

Almost all sectors are in transition nowadays. Every sector is, whether they like it or not, on their way to becoming net positive, fully circular, and more fair and inclusive. We know that the specifics in each of these sectors are different and will certainly feel different and unique to those who are involved. So, what makes each sector transition unique?

We distinguish three drivers explaining why every transition in every sector is unique and different:

- First, every problem is different and requires different solutions. Becoming fully circular is different than fighting poverty in your value chains. Sometimes the challenges require more technical solutions, other times more socio-economic solutions.

- Second, every sector is different. Sectors can be regional, national, or international. Are we dealing with large companies or many smaller ones? Is it demand- or supply driven? Is the sector consumer-facing or more business-to-business. Is it fast moving or is the lifespan of the products very long? To what extent is the sector very capital intensive? The constellation of each of these factors will make the transition approach different.
- And thirdly the policy framework: To what extent is the sector very regulated or is it more open and flexible.

Why transitions are remarkably at the same every time

However, despite the difference, we also know that if you take one step back and zoom out, you will notice each transition is remarkably the same. In the TransMission paper we explain that any sector transition can be described in terms of;

- A process aiming to achieve a certain mission (What is the desired future we want to move towards with this sector);
- The upscaling of desirable practices that will help us achieve that Mission (the green curves);
- Simultaneously, the breakdown of unsustainable practices (the red curve);
- This process of scaling up and phasing out goes through five distinct transition phases;
- With five critical success conditions that need to be present in each phase in order for the change to happen.

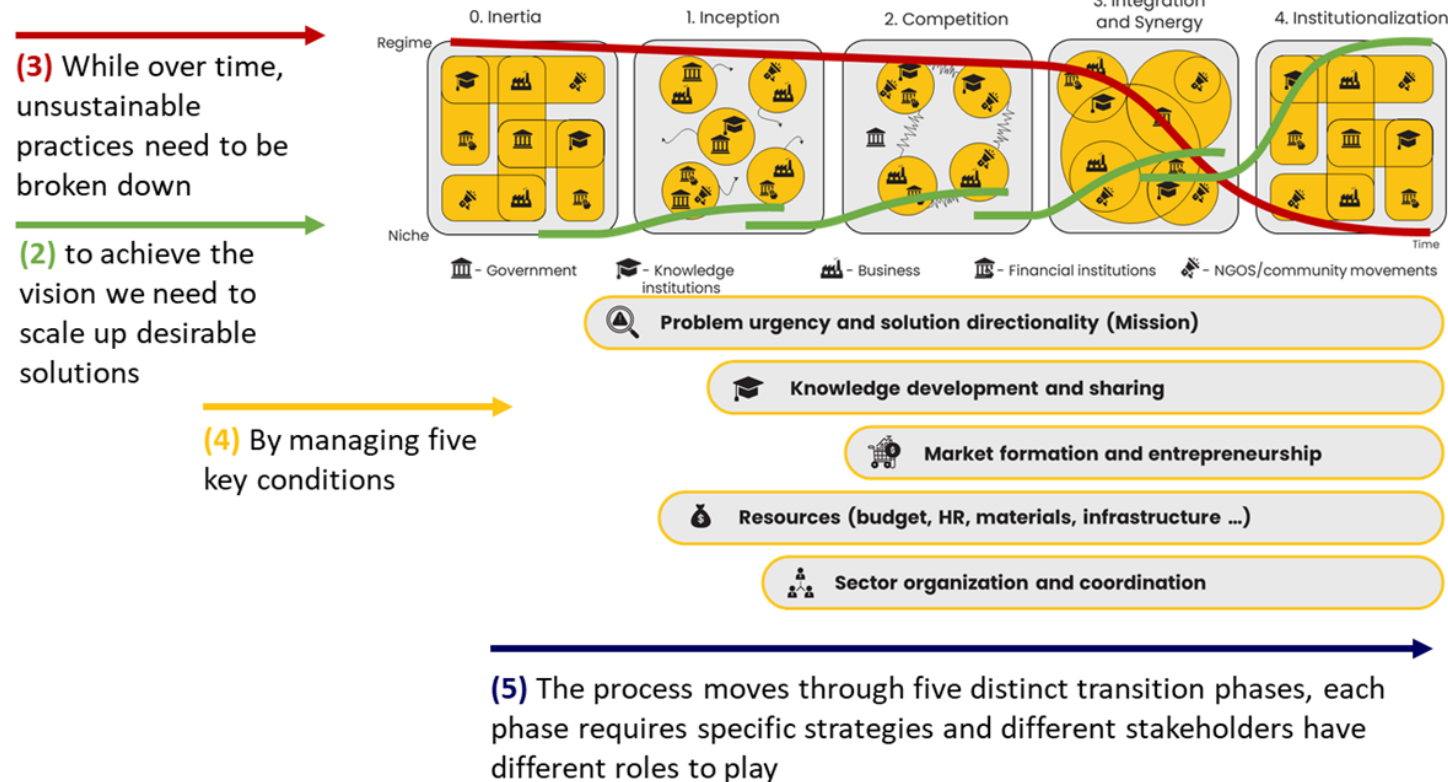
The figure on the next page summarizes the TransMission model.

The art and science of transition management is then threefold:

- To analyse the state of the transition,
- To come with the right interventions to accelerate the scaling up of the solutions and breaking down of the unsustainable practices,
- To orchestrate the change which is besides a rational process of logic, strategy instruments and interventions also a game of understanding, predicting, and influencing emotions of the actors that are part of the system you want to change.

For more information about this we highly recommend you read the [TransMission paper](#) or the [Changing the Game book](#). We can also highly recommend the [Changing the Game training](#) that we regularly give at Nyenrode University or in-company.

THE TRANSMISSION MODEL



(1) Transitions start by a vision: what do we want the new status quo to look like



Copernicus Institute of Sustainable Development

Lucas Simons, André Nijhof, & Matthijs Janssen (2023). TransMission: A mission-driven transition approach for managing complex change processes. [Download here](#).

The same emotions and arguments every time

“Human nature is perpetual. In most respects it is the same today as in the time of Caesar. The principles of psychology are fixed and enduring”

Claude C. Hopkins

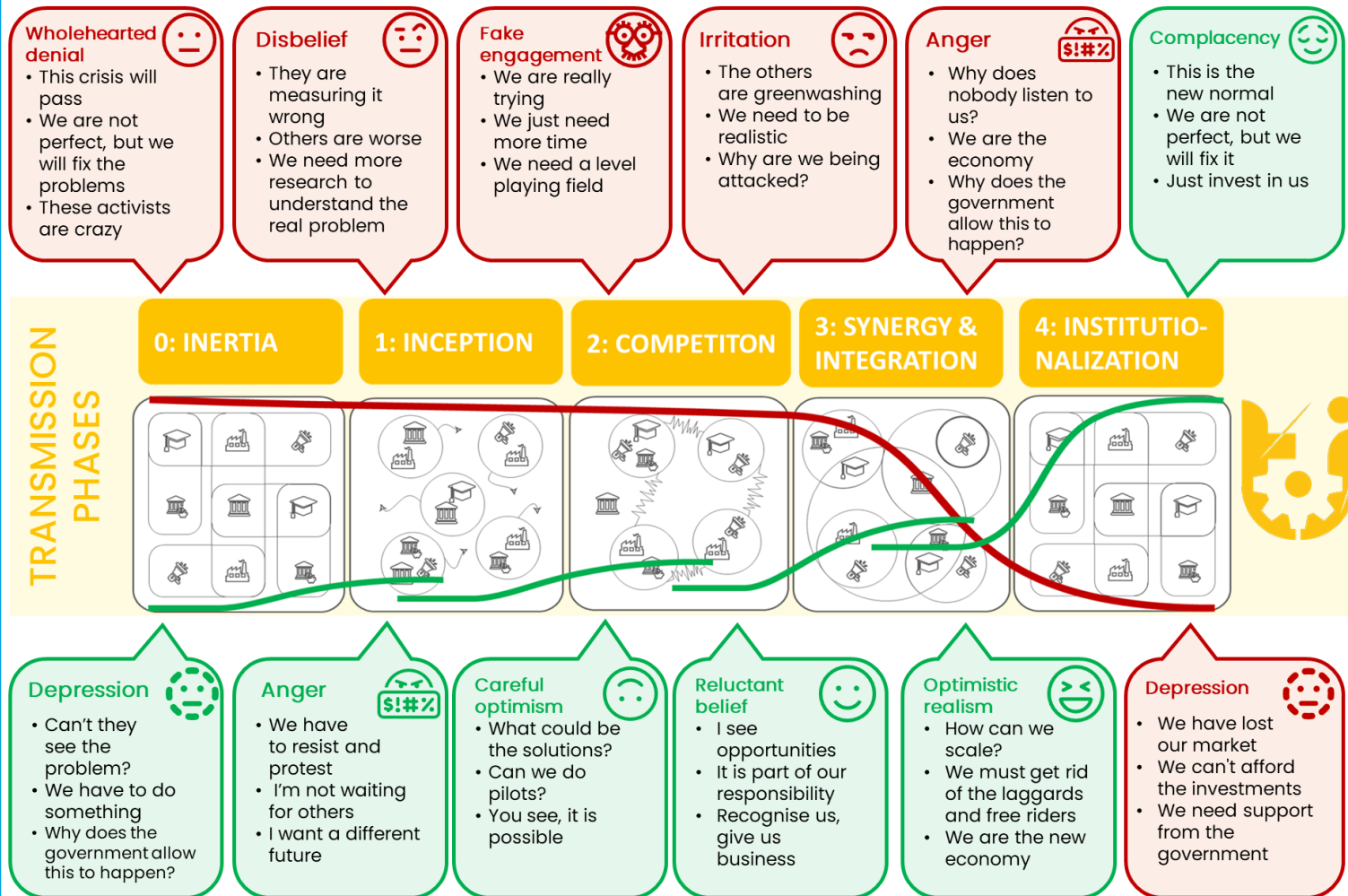
With different transitions going through the similar, predictable dynamics, we also see the way people respond to the transitions are very similar as well. The reason for this simple: in every sector transition we are dealing with humans. All humans share the same basic human emotions like fear of loss, anger, despair, anxiety, hope, optimism and excitement. As we move through the phases of transition, each of these emotions come into play.



The Psychology of Transformation

On the next page we have captured the most occurring emotions and arguments we see as the transitions evolve through the different phases

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Let's look at the different to phases and describe what we see

Phase 0: The Inertia Phase

During this stage the sectors are working as they have done for a long time. The sustainability challenges are known but not considered a real problem, or just as the normal costs of doing business. Almost all actors are in a state of denial. There are early signs that things are not well, however during this phase most actors who are involved in the sector are taking a wait and see approach as most believe that it will be business-as-usual. There is a firm belief that this is how things work and if there are issues, we will solve them. And: *'those activists just don't understand how the world works'*.

However, this stage also gives rise to the early rebels of change. Those that simply do not believe that we are ignoring the issues for so long.

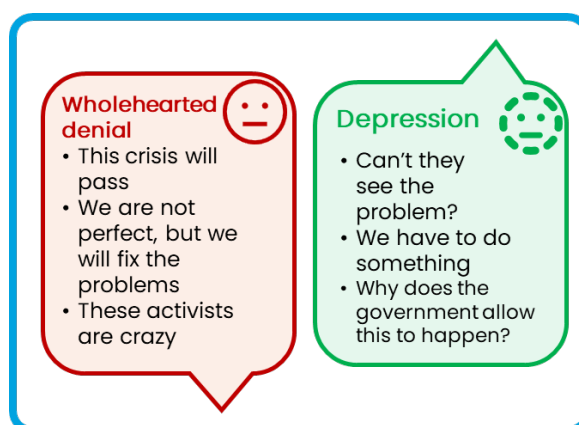
Late Phase 0: The Crisis Emerges!

The crisis has arrived, and it comes in the shape of demonstrations, headlines in the news, critical reports published. There is no denying it anymore.

This is highly inconvenient for all those who counted on business-as-usual. The emotions switch from denial to disbelief. With the new emotion come new arguments we are not measuring it correctly. We need to do more research to really understand the issues. And always the arguments that it is not fair, because other organizations, other sectors or other countries are much worse. The intention is to downplay the issues and to go back to business as usual or at least buy time.

But the rebels are speaking out and are putting fuel to the fire. Their emotions have shifted to anger, and they are willing to take a stand. They have lost faith that change will come from others, and they are taking matters in their own hands.

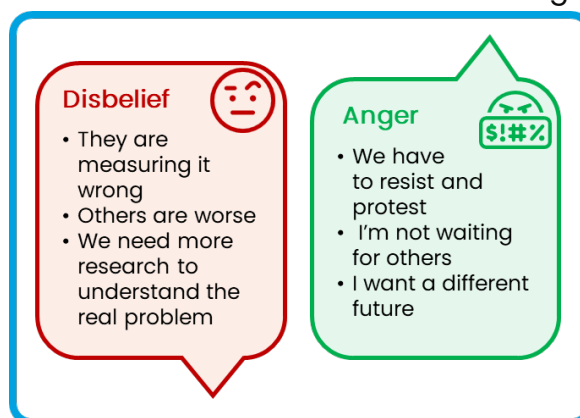
Most occurring emotions and arguments from **sustainability frontrunners** and **incumbents** in the inertia phase:



Phase 1: The Inception Phase

As more and more organizations do accept the fact that indeed there are issues, and something must be done about it, the search for solutions is on. Most are not convinced and will feign to be engaged. Subsidized pilots and projects flood the websites, and every occasion is used to explain that things are not easy, and arguments are developed inhibiting real change. Despite the skepticism, seeds of awareness are planted, and discussions gain momentum. It's a phase marked by cautious exploration, a hesitant step towards acknowledging the need for transformation. But also, one of learning: about what might potentially be promising and impactful solutions, and what solutions should be let go. Frontrunners learn and see that something is possible, and start becoming carefully optimistic about the business case for sustainability.

Most occurring emotions and arguments from **sustainability frontrunners** and **incumbents** in the inception phase:

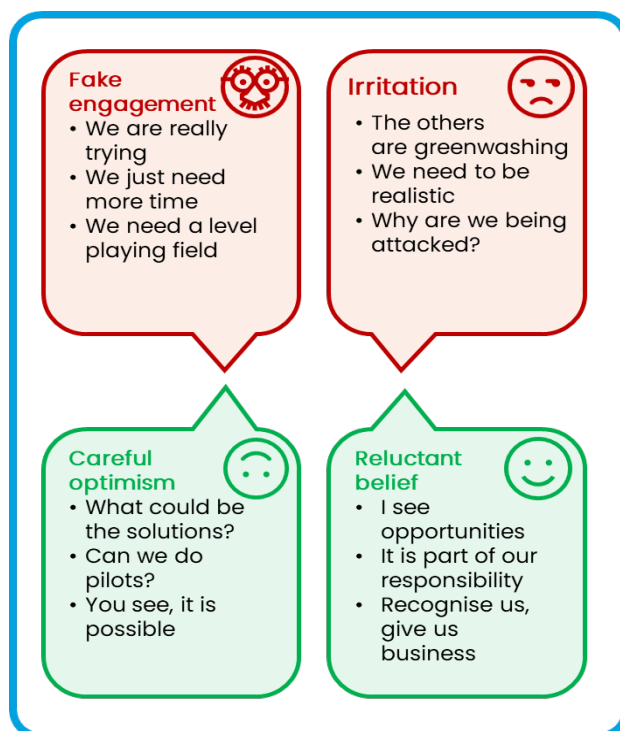


Phase 2: The Competition Phase

With the urgency still pressing, a new vibe starts to pick up. Instead of just piloting, now it's about getting the word out about sustainable solutions. At first, these solutions are aimed at specific groups who really care about sustainability. Meanwhile, pressure keeps mounting on the old ways of doing things. People are still putting out reports and ranking companies based on their sustainability efforts. Governments start talking about their long-term plans, but not everyone's on board yet. Some worry it's too soon to commit. When organizations are ranked badly, they get irritated, pointing out that the realism is gone with the increased focus on sustainability, since they have been doing business the same for so many years, and any different way is impossible.

Key is that some frontrunner-businesses see this as a chance to stand out by going green. Even though it's risky and there's not a huge demand for these kinds of products yet, they're willing to take a shot. It's this innovation power that further drives the successful pilots. It's crucial that these frontrunners are rewarded for their efforts to enable positive business cases. These positive business cases empower the frontrunners' belief that sustainable responsible business is possible.

Most occurring emotions and arguments from **sustainability frontrunners** and **incumbents** in the competition phase:



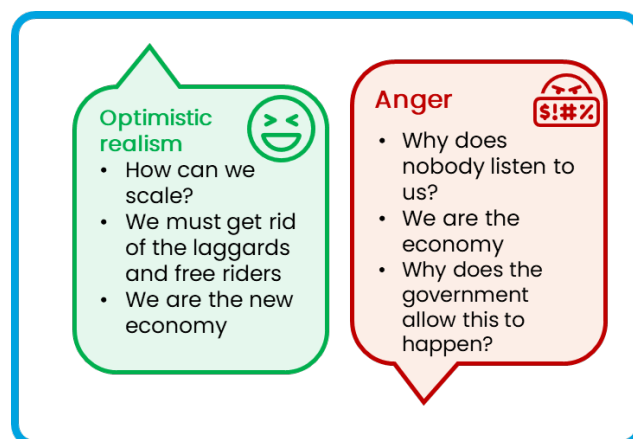
Phase 3: The Synergy and Integration Phase

Things start to get interesting as different sustainable solutions compete for attention. People realize that working together might be the way forward. They start figuring out how to combine their efforts and make them even stronger.

More and more stakeholders are starting to agree that we need to change, and the government starts making moves to support sustainable practices. But there are still some big players fighting against the tide, trying to slow things down. These laggards will be angry at the change and fight harder than before.

Despite the pushback, the new way of doing things is taking shape. People are getting behind common goals and investing in making sustainable solutions work on a bigger scale. Not only do frontrunners believe that this is possible, other organizations help scaling up and building the new economy, they are optimistic about a sustainable future but also realistic since the fight is not over yet.

Most occurring emotions and arguments from **sustainability frontrunners** and **incumbents** in the synergy and integration phase:

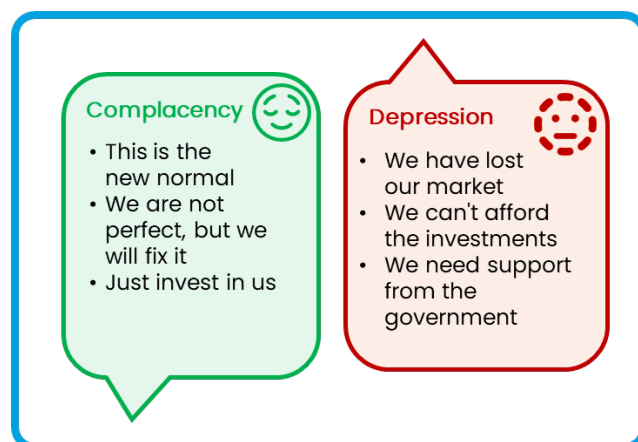


Phase 4: The Institutionalization Phase

Now we're in the final stretch. It's all about making sustainable practices the new normal and phasing out the old ways. Laws and legislation are changing to make sure everyone follows along with the new plan. The new plan might not be perfect, but the ones who stick to it are complacent with this new future.

Even though some folks are still resisting, the momentum is on the side of sustainability. Investments, policies, and everyday habits are all starting to line up with the 'new normal'. In this phase, the losers will be the ones holding on to the old system. Having lost their market, they feel depressed and need governmental help to survive, change and catch up with the new normal.

Most occurring emotions and arguments from **sustainability frontrunners** and **incumbents** in the institutionalization phase:



Bringing Understanding in Market Transformation

In the psychology of market transformation, we've described a fascinating aspect of human behavior and organizational response: the predictable patterns of emotions and arguments that emerge at each phase. From denial in the inertia phase, to careful optimism in the competition phase, and finally, complacency in the institutionalization phase, these stages mirror the psychological journey of stakeholders grappling with change.

The Psychology of Market Transformation isn't just about analysis—it's about empowerment. It's about understanding, empathy, and resilience in the tumultuous terrain of transition. By recognizing these emotions we can bridge differences, find common ground, and lay a base for effective cooperations. It's about realizing that amidst the chaos, there's an opportunity for growth, innovation, and a brighter more inspiring future.

Where are you or where is your organization?

Do you recognize the responses to change? Have you perhaps used these exact words as well? Where do you stand and how does that feel? Take a moment to reflect on your position and consider the steps you can take to move forward, towards a more sustainable and resilient future. Maybe your position makes you smile, maybe it confronts you, but for sure it helps better understand why you do the things you do and feel the way you feel.

Please get in the discussion and share your responses on LinkedIn. Or contact us to learn more on how we can inspire with TransMission keynotes, workshops or roadmap development trajectories.

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NewForesight's mission is to bring systemic change to the world's food systems. Initially focused on improving conditions for smallholder farmers in sectors like coffee, cocoa, and palm oil, the company later broadened its scope, developing a systemic approach to address these challenges.

Today, NewForesight's Transmission Theory is embraced by diverse entities, from organizations to governments and business schools, guiding their pursuit of a more sustainable world.

Want to know more about NewForesight? Go to our [website](#) or follow us on [LinkedIn](#)

Want to know more about TransMission? Read our [paper](#) or follow us on [LinkedIn](#)

Curious how we can inspire you about transitions? Do the [Bee the Change](#) game!